

# TAX FACTS CARDS

Findings from a national long-term study of 8th and 10th grade students show that raising tobacco prices can prevent kids from moving from experimenting with cigarettes to becoming regular smokers.

[www.uic.edu/orgs/impacteen](http://www.uic.edu/orgs/impacteen)

*Dr. John A. Tauras, economist at the University of Illinois at Chicago and lead author of a long-term study designed to understand what factors determine why teenagers start to smoke, states the following:*

*“Given that 90% of smokers start before they are 18, a hike in excise [sales] taxes appears to be an effective measure to keep them from taking up cigarettes in the first place.”*

[www.uic.edu/orgs/impacteen](http://www.uic.edu/orgs/impacteen)

*In a 2001 published research study entitled Effects of Price and Access Laws on Teenage Smoking Initiation: A National Longitudinal Analysis, the following statistics were presented:*

*“...a 10% increase in the price of cigarettes will decrease the probability of an adolescent starting smoking between 3% and 10%.”*

[www.uic.edu/orgs/impacteen](http://www.uic.edu/orgs/impacteen)

*In a Philip Morris internal document entitled Handling an Excise Tax Increase, Big Tobacco executive Jon Zoler is quoted as saying:*

*“...the 1982-1983 round of price increases...prevented 600,000 teenagers from starting to smoke...We don’t need to have that happen again.”*

[www.pmdocs.com](http://www.pmdocs.com)

The 1999 World Bank report entitled *Curbing the Tobacco Epidemic: Governments and the Economics of Tobacco Control* concluded that  
“the most effective way to deter children from taking up smoking is to increase taxes on tobacco.”

[www1.worldbank.org/tobacco/reports.htm](http://www1.worldbank.org/tobacco/reports.htm)

In its 1998 report *Taking Action to Reduce Tobacco*, the National Academy of Science’s Institute of Medicine concluded that “the single most direct and reliable method for reducing [cigarette] consumption is to increase the price of tobacco products.”

[www.nap.edu/books](http://www.nap.edu/books)

A National Cancer Institute Expert Panel reported in 1993 that “a substantial increase in tobacco excise [sales] taxes may be the single most effective measure for decreasing tobacco consumption,” and “an excise tax reduces consumption by children and teenagers at least as much as it reduces consumption by adults.”

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In an internal Philip Morris document entitled  
Cigarette Attributes and Quitting,  
executive Claude Schwab is quoted as saying:*

*“A high cigarette price, more than any  
other cigarette attribute...is the main  
driving force for quitting.”*

[www.pmdocs.com](http://www.pmdocs.com)

*In an internal RJ Reynolds document entitled  
Estimated Change in Industry Trend  
Following Federal Excise Tax Increase,  
executive D.S. Burrows is quoted as saying:*

*“If prices were 10% higher...the percentage of  
kids who smoke would be 11.9% lower.”*

[www.rjrtdocs.com](http://www.rjrtdocs.com)

*In its May 2001 quarterly report,  
Big Tobacco company Philip Morris disclosed  
the following information:*

*“Increases in excise and similar taxes have had  
an adverse impact on sales of cigarettes.  
Any future increases...could result in volume de-  
clines for the cigarette industry.”*

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In its 1999 annual report, Big Tobacco company  
Lorillard disclosed the following information:*

*“Significant increases in state and federal  
excise taxes on cigarettes...have had and  
will likely continue to have an  
adverse effect on cigarette sales.”*

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In its 2002 annual report, Big Tobacco company RJ Reynolds disclosed the following information:*

**“Substantial increases in state and federal excise taxes on cigarettes...have had and will likely continue to have an adverse effect on cigarette sales.”**

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

**A 1998 report compiled by economic experts from Wall Street offered the conservative estimate that if cigarette prices increase by 10%, then people will smoke 4% less.**

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In an internal Philip Morris document entitled Teenage Smoking and the Federal Excise Tax on Cigarettes, Research Executive Myron Johnston is quoted as saying:*

**“...the goal of...balancing the [national] budget would...be served by increasing the Federal excise tax on cigarettes.”**

[www.pmdocs.com](http://www.pmdocs.com)

*In a 2001 press release, William V. Corr, Executive Vice President of the Campaign for Tobacco-Free Kids, states:*

**“Raising cigarette taxes...raises much needed revenue for states facing budget shortfalls that threaten vital programs.”**

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In a 2001 press release from the  
Campaign for Tobacco-Free Kids,  
the following finding was reported:*

**“States that have recently [raised taxes on  
cigarettes]...such as New York and  
California, have seen  
tax revenues increase.”**

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)

*In a 2002 Special Report issued by the Campaign  
for Tobacco-Free Kids,  
the following was reported:*

**“In recent years, many states have raised  
cigarette tax rates, and in every case, they  
have...increase[d] revenues to balance budgets  
and fund vital programs.”**

[www.tobaccofreekids.org](http://www.tobaccofreekids.org)